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RUEHKA/AMEMBASSY DHAKA PRIORITY 0740  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 3573  
RUEHLO/AMEMBASSY LONDON PRIORITY 4923  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0865  
RUEHCI/AMCONSUL KOLKATA PRIORITY 3047  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2361  
RUEKJCS/SECDEF WASHDC PRIORITY  
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000168

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SUBJECT: DEPUTY PRIME MINISTER OLI WORRIED ABOUT NEPAL'S  
FUTURE

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d)

Summary

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11. (C) In a hospital bedside conversation with the Ambassador January 23, Deputy Prime Minister and Foreign Minister K.P. Oli expressed his grave concern about Nepal's political situation. Oli stressed that the Maoists had not given up their goal of capturing state power. He stated that it was unacceptable to have a Maoist as Prime Minister Koirala's designated successor. His own Communist Party of Nepal -- United Marxist Leninist (CPN-UML) was the appropriate party to provide an alternative heir apparent, but who? The Deputy PM was sharply critical of several of his party leaders. Oli indicated he was unsure if he would retain a position in the Interim Government, but was hoping to return to his work as Foreign Minister in the meanwhile, health permitting. Once he recovered he planned, he said, to travel to Thailand for additional treatment. Oli stated that he had just entered the hospital after being ill for a month with typhoid and hepatitis. The Ambassador confirmed that the UN Security Council was supposed to adopt a resolution on Nepal later the same day. He also passed on a fact sheet regarding the U.S. Government's planned Bhutanese resettlement program.

Oli Troubled By Continuing Maoist Abuses  
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12. (C) On January 23, from his bed in the cardiac ward of Kathmandu's Tribhuvan University Teaching Hospital, Deputy Prime Minister and Foreign Minister K.P. Oli voiced his fears to the Ambassador about Nepal's future. He and the Ambassador agreed that the Maoists had not given up their goal of capturing state power and showed no signs of a genuine conversion to democratic norms. The Maoists continued to violate their peace commitments by threatening party cadre from the democratic parties as well as Nepali citizens and were preventing the re-establishment of police posts in many districts, Oli stressed. Meanwhile, they faced no sanctions for their misdeeds. Politicians wanted to be popular so they did not speak out against the Maoists. The security situation had not improved, for which the Deputy PM leveled blame at Home Minister Sitaula, who wanted to please the Maoists. Oli also criticized PM Koirala's nephew and confidant, Dr. Shekhar Koirala, as another person whose

naivete as a peace negotiator had contributed to Maoist impunity.

#### Maoist Deputy PM Unacceptable

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13. (C) Deputy Prime Minister Oli unequivocally rejected the idea of a Maoist Deputy Prime Minister in an interim government: How could the member of a party which had not yet given up its terrorist ways be allowed to become the successor to Prime Minister Koirala? To begin with, Oli noted, Koirala was not well, so the Deputy PM would probably be required to fill in for the PM at the South Asian Association for Regional Cooperation (SAARC) summit in New Delhi in April as well as any Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) summit. More importantly, if PM Koirala died, Oli added, under the Interim Constitution the Maoist Deputy PM would automatically succeed Koirala. There had to be a senior Deputy PM from one of other parties to prevent any Maoist Deputy PM from grabbing the reins of power. The President of the Nepali Congress (NC), which was the largest party in the Interim Parliament, namely Koirala, already had the top job, so NC was out. Nepali Congress - Democratic, Oli said, was a splinter group of the NC and far smaller than Oli's own Communist Party of Nepal - United Marxist Leninist (CPN-UML). CPN-UML was the appropriate party to provide the senior Deputy PM, Oli concluded.

#### Challenge of Finding a CPN-UML Deputy PM

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14. (C) Oli had little good to say about most of the senior

KATHMANDU 00000168 002 OF 002

CPN-UML leaders. He described newly appointed Member of Parliament Bamdev Gautam as untrustworthy and apt to follow whatever policy the Maoists adopted. The Deputy PM characterized CPN-UML Central Committee leader Bohat Mohan Adhikari as opportunistic and unreliable. He was also sharply critical of another new CPN-UML MP, Jhalanath Khanal, whom he accused of nearly leaving the party -- along with Bamdev Gautam and United Left Front chairman C.P. Mainali -- several years earlier to form another, more leftist party. According to Oli, most of the CPN-UML leaders put their personal interests above the country's. This was not the case, the DPM stated, with CPN-UML General Secretary M.K. Nepal. Nepal's problem was that he had no concrete opinions: his view on any issue depended on which view he had most recently heard. If a CPN-UML candidate did not end up as the senior Deputy PM, Oli indicated it would be better for the CPN-UML to stay out of the interim government. It would be intolerable to take instructions from the Maoists.

#### Oli To Continue?

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15. (C) In response to a question from the Ambassador about Oli's own plans, the Deputy PM replied that he hoped to return to his work as Foreign Minister as soon as he was able. His immediate goal, once he had recovered sufficiently to travel, was to go to Thailand for additional treatment. The Ambassador encouraged him to do so. Oli bemoaned that he had been sick for over a month. He had developed typhoid which had led to jaundice and that he had been recently diagnosed with Hepatitis B. The Deputy PM told the Ambassador that the problem was he would get a little better and then have a relapse, which was why he had checked himself into the hospital that same day. He expressed his frustration that he was sick at a time when so much was happening and so much needed to be done. He remarked that, when he was healthy, he was able to balance out the far-left elements in the party. Until he recovered he was unable to play that role.

#### Other Issues

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¶16. (C) The Ambassador took the opportunity of the hospital visit to pass on photos of Oli with the Secretary from Oli's visit to Washington in September. The Deputy PM was delighted to see them. He also previewed the planned adoption by the UN Security Council later that same day of a resolution on Nepal. Oli seemed aware that the resolution was pending but not that its passage was so imminent and expressed his pleasure at the news. Finally, the Ambassador passed on a copy of the fact sheet on U.S. plans to resettle up to 60,000 Bhutanese refugees resident in Nepal.

Comment  
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¶17. (C) Deputy Prime Minister Oli has played a crucial role in the current government. While he has often expressed regret to us that Prime Minister Koirala paid little attention to his recommendations and even refused to return his phone calls, other sources have told us that Koirala highly valued Oli's advice. A former leftist revolutionary who became a democrat and was imprisoned for his political beliefs, Oli's political credentials are solid. The Deputy PM has repeatedly put his country's interests first, even at risk to himself, most notably through his outspoken criticism of Maoist abuses. If, as expected, Oli does leave the government after the Maoists join it, it will be Nepal's loss. We hope that he will recover quickly from his illness so he can fulfill a moderating role within his own party in the coming weeks and strengthen the Prime Minister's resolve to hold firm against unreasonable demands from the Maoists.  
MORIARTY